

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE)
REASONABLENESS OF THE EARNINGS OF) CASE NO. 9859
BRANDENBURG TELEPHONE COMPANY, INC.)

O R D E R

IT IS ORDERED that Brandenburg Telephone Company shall file an original and 10 copies of the following information with the Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Careful attention should be given to copied material to insure it is legible. The information requested is due no later than September 8, 1987. If the information cannot be provided by this date, a motion for an extension of time must be submitted stating the reason for the delay and the date by which the information can be furnished. The Commission will give due consideration to such motions.

1. An amended "per books" income statement, balance sheet and return on investment, return on equity and times interest earned ratio for the 12-month period ended March 31, 1987 ("the test period").

2. An amended 1987 Pro Forma Income Statement and return on investment, return on equity and times interest earned

calculations. The pro forma income statement should have as its starting point, the per book revenues, expenses, taxes, fixed charges and "other" items for the 12-month period ended March 31, 1987, presented in Question No. 1 and encompass the 12-month period ended March 31, 1988. All adjustments should be made to the per book amounts existing at the end of the test period. The pro forma income statement should be in the same format as the one used in response to Question No. 1 and that was presented in Brandenburg's response to the Commission's Order dated March 3, 1987, Tab A. The final 3 months of the test period will be used to compute going forward expenses and revenues as appropriate. In those cases where adjustments to the test period are computed using end of period data, i.e. payroll, the base number used should be the expensed amount at the end of the test period.

3. Detailed workpapers showing all amounts used in arriving at end of period and pro forma adjustments. For example, if the last 3 months of the test period are annualized to arrive at the going forward expenses, please show individually the amounts used in the annualization or if a 12-month amount is used as a basis to arrive at a pro forma adjustment, please show the amount used and describe how the base amount was developed or from what source document it was taken. Where a portion of a test period expense, i.e. payroll, or revenue is extracted to be proformed in a different manner than the rest of the item, both the beginning and ending piece parts must be shown and equal the whole. Where a percentage growth factor is applied to a base amount, the derivation of the base amount and the development of the factor

must be shown or explained. When deregulated items are deducted, please do not net revenues and expenses.

4. An analysis showing the amount of the individual revenue or expense item at the end of the test period and each adjustment made to that item to arrive at the amount at the end of the pro forma period. These adjustments should correspond to the adjustments shown in the workpapers requested in Question No. 3.

Done at Frankfort, Kentucky, this 21st day of August, 1987.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Executive Director